

Business Plan

INCOME GENERATING ACTIVITY- Vermi-composting

By

SHG H.B. GUGA PIR NOURA Vermicompost- Self Help Group



SHG/CIG Name	::	H.B. GUGA PIR NOURA
VFDS Name	::	NOURA
Range	::	KANDA
Division	::	CHOPAL

Prepared under:



Project for Improvement of Himachal Pradesh Forest
Ecosystems Management & Livelihoods (JICA) Assisted)

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Background

Vermi-composting has been gaining popularity, mainly due to shift towards organic farming. There are ecological, economic and human health benefits associated with it. The use of vermin-compost in place of chemical fertilizers results into better soil health, balanced ratio of various minerals and good fertility and best quality crop production. Vermi-Composting has direct environmental and economic benefits by contributing to the sustainable agriculture and horticulture production and income of farmers significantly .

Vermicomposting

Vermi -composting, rightly called **Gold from Garbage** is the measure input in organic farming. Vermicomposting is a process in which the earthworms convert the organic waste into manure rich in high nutritional content. Earthworms are commonly found living in soil, feeding on biomass and excreting it in a digested form. Earthworms feed on the organic waste materials and give out excreta in the form of "vermicasts" that are rich in nitrates and minerals such as phosphorus, magnesium, calcium and potassium. These vermicasts are used as fertilizers and they improve the soil quality. There is great demand for vermi-compost due to the high level of nutrient content .

Materials required

1. Water
2. Cow dung
3. Thatched roof
4. Soil or sand
5. Earthworms
6. Gunny bags
7. Organic biomass
8. Plastic or cemented tank
9. Dry straw and leaves collected from the fields
10. Biodegradable wastes collected from fields and kitchen

1 Description of SHG/CIG

SHG/CIG name	SHG H.B. Guga Pir Noura vermicompost
VFDS	Noura
RANGE	Kanda
DIVISION	Chopal
DISTRICT	Shimla
Total no. Of members in SHG	8
Date of formation	29/09/2020
Bank account no.	04110110059258
Bank details	H.P. state Co-Oprative Bank kupvi
SGH/CIG monthly saving	100
Total saving	7000
Total inter-loaning	-
Cash credit limit	-
Interest rate	2%

2 Beneficiaries Detail:

Sr.no.	Name	Father/Husband name	Age	Education	Category	Income source	Contact No.
01	Sarla devi	w/o karan kumar	29	+2	s.c.	Agriculture	8219857774
02	Prakesh	w/o Gian singh	33	+2	s.c.	Agriculture	9805547045
03	Kubja	w/o kunden singh	56	5th	s.c.	Agriculture	9816734707
04	Panita	w/o Gopal singh	33	8th	s.c.	Agriculture	7807035159
05	Tara	w/o Balkrishan	27	B.A.	s.c.	Agriculture	9805085688
06	Vidya devi	w/o Ranvir	28	5th	s.c.	Agricultre	7807736105
07	Noori devi	w/o Tulsi Ram	52	5th	s.c.	Agricultre	9816750661
08	Satya devi	w/o kundan singh	54	5th	s.c.	Agriculture	6230088924

3 Geographical Details of The Village

3.1	Distance from the District HQ	::	212km
3.2	Distance from main Road	::	2km
3.3	Name of local market & distance	::	Kupvi 12km
3.4	Name of main market & distance	::	Kupvi 12km, Haripurdhar 16km
3.5	Name of main cities & distance	::	Shimla 212km
3.6	Name of main place where product will be sold/marketed	::	Kupvi, Haripurdhar

4 Description of Product related to Income Generating Activity

4.1	Name of the Product	::	Vermi-compost
4.2	Method of product identification	::	The activity was shortlisted and finalized, keeping in view the great demand of Vermicompost, the area being an apple belt.
4.3	Consent of SHG/CIG/cluster members	::	Yes, the activity was collectively decided by the group.

5 Description of Production Process

Step1	To prepare compost, either a plastic or a concrete tank/pit can be used. The size of the tank.pit depends upon the availability of raw materials, however as a standard, the sizing is being kept 10ft*4ft*2ft.
Step2	Collect the biomass and place it under the sun for about 8-12 days. Now chop it to the required size using the cutter.
Step3	Prepare a cow dung slurry and sprinkle it on the heap for quick decomposition.
Step4	Add a layer (2-3 inch) of cement concrete at the bottem of the tank/pit
Step5	Now prepare fine bedding by adding partially decomposed cow dung, dried leaves and other biodegradable wastes collected from fields and kitchen. Distribute them evenly on the concrete layer.
Step6	Continue adding both the chopped bio-waste and partially decomposed cow dung layer-wise into the tank/pit up to a depth of 0.5-1.0ft

Step-7	After adding all the bio-wastes, release the earthworm species over the mixture and cover the compost mixture with dry straw or gunny bags.
Step-8	Sprinkle water on a regular basis to maintain the moisture content of the compost.
Step-9	Cover the tank/pit with a thatch roof to prevent the entry of ants, lizards, mouse, snakes, etc. and protect the compost from rainwater and direct sunshine.
Step-10	Have a frequent check to avoid the compost from overheating. Maintain proper moisture and temperature.
Step-11	Collection of earthworms after Verm compost collection. Sieving of the composted material to separate fully composted ready material. The partially material will be again put into Vermi-compost bed.
Step-12	Storage of vermi compost in proper place to maintain moisture and allow the beneficial microorganism to grow.

6. Description of Production Planning

6.1	Production Cycle (in days)	::	90 days (three cycles in a year)
6.2	Manpower required per cycle (No.)	::	1
6.3	Source of raw materials	::	From household and own farms
6.4	Source of other material	::	Open market
6.5	Raw material - quantity required per cycle (Kg) per member	::	1800 Kg per cycle
6.6	Expected production per cycle (Kg) per member	::	900Kg per cycle

7. Description of Marketing/ Sale

7.1	Potential market places	::	HP Forest Deptt. Local market Use on own farm
7.2	Distance from the unit	::	To be supplied to different locations
7.3	Demand of the product in market place/s	::	HP Forest Deptt. is procuring huge vermi-compost for their nursery. Huge demand in locality for orchard use, area being an apple belt.
7.4	Process of identification of market	::	PMU will facilitate the tie up of procurement of vermi-compost produced

			by SHG with HP Forest Deptt.
7.5	Marketing Strategy of the product	::	SHG members will also explore the additional marketing options around their villages for better sale price in future.
7.6	Product branding	::	At CIG/SHG level product will be marketed by branding of respective CIG/SHG. Later this IGA may require branding at cluster level
7.7	Product "Slogan"	::	"Let's go organic"

8. SWOT Analysis

❖ Strength

- ⊖ Each of the SHG members are having cattle varying from 2 to 4 in each household
- ⊖ Families of SHG members are cultivating high value crops & vegetables which offers adequate availability of raw materials i.e. farm organic wastes throughout the year.
- ⊖ Raw material easily available at their farms
- ⊖ Manufacturing process is simple
- ⊖ Proper packing and easy to transport
- ⊖ Other family members will also cooperate with beneficiaries
- ⊖ Product shelf-life is long

❖ Weakness

- ⊖ Effect of temperature, humidity, moisture on manufacturing process/product.
- ⊖ Lack of technical know-how

❖ Opportunity

- ⊖ Increasing demand of vermi-compost on account of awareness among farmers about organic and natural farming
- ⊖ Application of vermi-compost on their own field will go a long way in improving and enhancing the soil health and production of quality farm produce which will offer better price.
- ⊖ Best utilization of organic waste including household left outs of kitchens
- ⊖ Potential for marketing tie up with HP Forest

❖ Threats/Risks

- ⊖ Possibility of break of production cycle due to extreme weather
- ⊖ Competitive market
- ⊖ Level of commitment among beneficiaries towards participation in training/ capacity building & skill up-gradation



9. Description of Management among Members

- **Production** – It will be taken care of by individual members including procurement of raw materials
- **Quality assurance** – Collectively
- **Cleaning & packaging** – Collectively
- **Marketing** – Collectively
- **Monitoring of the unit** - Collectively

S. No	Particulars	Units	Quantity / Nos.	Cost (Rs.)	Year 1	Year 2	Year 3	Year 4	Year 5
A.	Capital Cost								
A. 1	Construction of work-shed								
1	Hardware items, construction of pit (Size will be of 10ftX4ftX2ft)	Per member	7	6000	42000	0	0	0	0
2	Construction of cover shed	Per member	7	4000	28000				
	Sub-total (A.1)				70000	0	0	0	0
A. 2	Machinery and equipment								
2	Tools, equipment etc.	Per member	7	2000	14000	0	0	0	0
	Sub-total (A.2)				14000	0	0	0	0
	Total Capital Costs (A.1+A.2)				84000	0	0	0	0
B	Recurring Costs								
3	Seed earthworm	Per Kg	7	500	3500	0	0	0	0
4	Cost of procurement of Slurry/dung/waste	Tonnes	42	800	33600	35280	37044	38896	40841
5*	Labour Cost	Per tonne	21	700	14700	15435	16207	17017	17868

6	Packing materials	No.	180	40	7200	7560	7938	8335	8752
7	Other handling charges	Per tonne	21	150	3150	3308	3473	3647	3829
C	Other charges								
8	Insurance	L/S		0	0	0	0	0	0
9	Interest on loan	Per annum		0	0	0	0	0	0
	Total recurring costs				62150	61583	64662	67895	71290
	Total cost = Capital + recurring				146150	61583	64662	67895	71290
D	Income from vermicomposting								
12	Sale of vermicompost	Tonnes	21	6500	136500	150150	165165	181681	199849
13	Sale of earthworm					3500	7000	7000	7000
14	Total revenue				136500	153650	172165	188681	206849
15	Net returns (D-C)				74350	92067	107503	120786	135559

Note –

Activity on own land

All operation will be done by the members themselves

No extra labour cost, since all member will do the work themself

Abstract of Cost/ Benefit

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Capital cost	84000	0	0	0	0
Recurring cost	62150	61583	64662	67895	71290
Total cost	146150	61583	64662	67895	71290
Total revenue	136500	153650	172165	188681	206849
Net profit	-9650	92067	107503	120786	135559



11. Gist of Economic Analysis

- Pit size for each member has been planned at 10X4X2 ft for one pit.
- Cost of production of vermi-compost has been estimated at Rs. 3.6 per Kg
- Sale of vermi-compost (conservative side) is proposed at Rs. 6 per Kg
- Net profit is estimated to be Rs. $6 - 3.6 = 2.4$ per Kg
- It is proposed that each member will produce 3.3 tonnes of vermi-compost every year resulting in production of 46.2 tonnes vermi-compost by all 14 members of SHG in one year.
- Cost of earthworm has been kept at Rs. 500.00 per kg
- During the second years onwards, there will be surplus earthworms for sale (as it will multiply during the process of production of vermi-compost)
- The vermi-compost making is a profitable IGA and therefore has been taken up by the SHG members.

12. Fund requirement:

Sl. No.	Particulars	Total Amount (Rs)	Project support	SHG contribution
1	Total capital cost	84000	42000	42000
2	Total Recurring Cost	62150	0	62150
3	Trainings/ capacity building/skill up-gradation	30000	30000	
	Total =	176150	72000	104150

Note-

- **Capital Cost** - 50% of capital cost to be covered under the Project
- **Recurring Cost** - To be borne by the SHG/CIG.
- **Trainings/capacity building/ skill up-gradation** - To be borne by the Project

13. Sources of fund:

Project support;	<ul style="list-style-type: none"> • 50% of capital cost will be utilized for construction of pit (Size will be of 10ftX4ftX2ft) • Rs 1 lakh as revolving fund will be parked in the SHG bank account (should be utilized for taking bank loan in case of taking loan from bank) or as a revolving 	Procurement of materials for pit/construction of pit will be done by respective DMU/FCCU after following all codal formalities.
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	<p>fund.</p> <ul style="list-style-type: none"> • Trainings/capacity building/ skill up-gradation cost. 	
SHG contribution	<ul style="list-style-type: none"> • 50% of capital cost to be borne by SHG, this include cost of shed/construction of shed. • Recurring cost to be borne by SHG 	

14. Bank loan repayment

If the loan is availed from bank it will be in the form of cash credit limit and for CCL there is not repayment schedule; however, the monthly saving and repayment receipt from members should be routed through CCL.

- In CCL, the principal loan outstanding of the SHG must be fully paid to the banks once a year. The interest amount should be paid on a monthly basis.
- In term loans, the repayment must be made as per the repayment schedule in the banks.

15. Trainings/Capacity Building/Skill Up-gradation

Trainings/capacity building/ skill up-gradation cost will be borne by project.

Following are some trainings/capacity building/ skill up-gradation proposed/needed:

- Project Orientation Group Formation/ Reorganization
- Group Concept and Management
- Introduction to IGA (General)
- Marketing and Business Plan Development
- Bank Credit Linkages & Enterprise Development
- Exposure Visit of SHG – Within the State& Outside State

16. Monitoring Mechanism

- Social Audit Committee of the VFDS will monitor the progress and performance of the IGA and suggest corrective action if need be to ensure operation of the unit as per projection.
- SHG should also review the progress and performance of the IGA of each member and suggest corrective action if need be to ensure operation of the unit as per projection.





SARLA DEVI



PARKASH



RUBJA DEVI



Panita



Tara



Vidhya



Noori DEVI



Satya

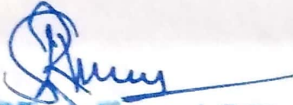
Certificate

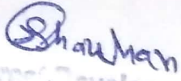
The Business plan of Self Help Group **HB Guga PIR Naura** for the IGA of Vermicompost was Presented before the General House of **VFDS Naura** for approval. After long discussion and thoughtful deliberation by the different members the business plan was approved for adoption in the SHG and further implementation by the members of the SHG.

Dated 14-12-2021

Place: Naura

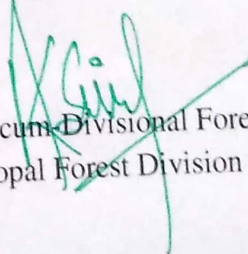
प्रधान सचिव
स्वयं सहायता समूह HB
गुगा पीर नौरा
President SHG


Block Forest Office
Forest Plac
Treasurer VFDS

President 
Village Forest Development
Society Naura-I
President VFDS


Range Forest Officer
FTU Officer Kanda
Forest Range Kanda

Approved


DMU-cum-Divisional Forest Officer
Chopal Forest Division Chopal.

